UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

Distr.
RESTRICTED

DP/GC/PAN/R.2/RECOMMENDATION
2 April 1976

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Twenty-second session
June 1976
Agenda item 3

Country and intercountry programming and projects

COUNTRY PROGRAMME OF THE GOVERNMENT OF

Note by the Administrator

Programme period	IPF endorsed in principle for 1977-1981
1977-1981	$7.5 million 1/

I. Nature of the programming exercise

1. In April 1975 the Government of Panama officially informed the Resident Representative of its intention to present the second country programme to the Governing Council in June 1976. Based on this information, the Resident Representative prepared a tentative schedule and a preliminary draft of the position paper, which were approved by the Government and UNDP headquarters. The paper focused UNDP activities on three critical areas already identified in the Government's established priorities, namely, energy, employment and exports. The paper was forwarded to the agencies and organizations of the United Nations for comments which, in turn, were transmitted to the Government.

1/ Endorsed in principle by the Governing Council at its twenty-first session. The Council will consider a final decision on IPFs at its twenty-second session.

EMBARGO:

NOT FOR PUBLICATION UNTIL FORMALLY APPROVED BY THE GOVERNING COUNCIL

76-06790

2. Taking advantage of the decentralization policy, the Resident Representative, in agreement with the Government, engaged the services of a consultant to assist in the preparation of the country programme document. A draft was transmitted to UNDP headquarters and the agencies, for comments, at the end of November 1975.

3. The country programme document presented by the Government basically maintains the priorities already established in the position paper, but the areas selected are classified in a different way, as indicated in paragraph 10.

4. Throughout the programme preparation, technical assistance from other multilateral and bilateral sources was reviewed in order to delineate the scope of each one and avoid duplication of effort.

II. Relation of the country programme to the development plan of the Government

5. The country programme is based on the National Development Plan 1976-1980 (now in its final stages of preparation) which does not constitute a new approach to the Panamanian situation, but rather a general framework of objectives and programmes, which have already been proposed and analysed separately. The Plan's principal objectives can be summarized as follows:

(a) Accelerate the current rate of increase of the GNP by improving and diversifying Panama's export potential and by better utilizing its geographical position, which will be the basis for a more self-sustained growth;

(b) Improve employment and income distribution, and increase popular participation in the development process; and,

(c) Achieve a better-balanced regional development by curtailing the migratory trend towards the metropolitan area and by encouraging the territorial integration of the country.

6. The GNP is expected to have an average annual increase of 7 per cent, which would represent an improvement over the 5.3 per cent average for the period 1970-1975 but would be below the annual average reached during the previous decade (8 per cent). The investment co-efficient is estimated to increase from an average of 27.7 (1970-1974) to 29.9 per cent, while the private and public consumption co-efficients are expected to decrease from 6.5 and 6.9 per cent, respectively, to 4.9 and 4.6 per cent.

7. The results of plans and activities initiated (and in some cases completed) in the period 1970-1975 will be felt during the quinquennium 1976-1980, such as in the cases of new sugar mills, a fishing port and fleet, hotels, a new airport and the enlargement of the Colon Free Trade Zone. All of these inputs will represent new sources of exports or the strengthening of existing ones. Also, the Bayano hydroelectric plant and a new cement plant are expected to cover the new demands for energy and construction.

8. The implementation of the different programmes within the Plan is expected to generate about 120,000 new jobs, which would absorb the increase in the economically active population as well as reduce the unemployment rate to approximately 5 per cent.

9. For development purposes, the country has already been divided into four large regions (western, central, metropolitan and eastern) in order to make a better geographical distribution of all inputs.

10. UNDP's co-operation is envisaged by the Government as directly assisting in the implementation of the National Development Plan and the following broad areas have been identified: human resources development and training; global, sectoral and regional programmes and strategies; identification of projects, pre-feasibility and feasibility studies and sectoral development and export promotion.

11. The Government has already distributed a preliminary version of the global and regional objectives, policies and targets of its Development Plan, but the sectoral analyses have not been completed. Due to these circumstances, the areas selected for UNDP assistance refer to the more general macro-economic objectives. Nevertheless, the Ministry of Planning is satisfied that UNDP assistance is aimed at the Government's priority sectoral targets. Also, the draft sectoral studies were consulted in the preparation of the bases for the specific projects.

III. Content of the country programme

12. The Panama programme adheres to the new Guidelines on Country Programming as closely as possible, both in form and content.

13. In view of the stringent financial situation of the Indicative Planning Figure (due to an overprogramming of approximately 20 per cent during 1972-1976), a paramount preoccupation was to keep the new programme within the limits of available funds ($6 million), which will actually be diminished further due to inflation. To this effect, efforts were made to reduce as much as possible the extensions of ongoing projects; no overprogramming was contemplated at this stage; and a rather large reserve (23 per cent) was set up to cover the necessary adjustments in the new projects as well as any extensions or new requests within the new cycle.

14. The most significant features of the country programme could be summarized as follows:

(a) Maximum concentration in both areas of activities and the number of projects. The programme contemplates the execution of only 17 projects, of which five are ongoing and 12 are new requests. The areas of concentration are described in section II, and summarized in table 1 below, and have been carefully selected in accordance with the priority needs indicated in the development plan;

/...

(b) Emphasis has been placed on the identification of projects with investment potential. Of the 12 new projects included in the country programme, seven foresee a definite investment orientation. Among these it is worth mentioning the creation of wood industries, the development of geothermal resources, the hydroelectric feasibility studies of the Teribe and Changuinola Rivers, and the establishment of agro-industrial complexes.

Table 1

Sectoral breakdown of on-going and new projects

Sector	On-going projects		Identified new projects a/		Total	
	Value ($'000)	Per cent	Value ($'000)	Per cent	Value ($'000)	Per cent
Human resources	179	30	890	22	1 069	18
Planning	355	59	578	14	933	15
Identification of projects and feasibility studies	-	-	2 270	56	2 270	38
Export promotion	-	-	305	8	305	5
Other	65	11	-	-	65	1
Reserve	-	-	-	-	1 358	23
Total programmed	599	100	4 043	100	6 000	100

15. The tentative 1977-1981 IPF for Panama, as for all other countries receiving UNDP assistance, is based upon the assumption of an aggregate resource base which will increase progressively over those five years, i.e. being smallest in the first years of the cycle. On the basis of present information, it is unlikely that available resources will permit an expenditure phasing as envisaged in table 2 below, and the Resident Representative has so informed the Government. Any necessary adjustments to bring the phasing of planned expenditure into greater conformity with the phasing of available resources will be made in due course, in consultation with the Government.

---

a/ Including projects which were in an advanced stage of preparation at the time of formulation of the country programme.

Table 2

Phasing of the country programme

A. Amounts programmed

Year	($'000)	Per cent
1977	1 625	27
1978	1 568	26
1979	1 152	19
1980	297	5
1981	-	-
Reserve	1 358	23
Total	6 000	100

B. Resources taken into account for programming

	($'000)
IPF resources available for programming a/	6 000

IV. Recommendation of the Administrator

16. In the light of the views expressed above, the Administrator recommends that the Governing Council:

(a) Approve the proposed UNDP country programme for Panama for the duration of its programme period within the limits of its IPF for 1977-1981, to be approved later, taking into account the balance of over-expenditure or under-expenditure of its IPF for 1972-1981; and

(b) Authorize the Administrator to proceed with appraisal and approval action on request for assistance falling within the outlines of the country programme while ensuring in accordance with the decision of the Governing Council at its eighteenth session (E/5543/Rev. 1, paragraph 31), that expenditures are kept in reasonable conformity with the relevant IPFs and are contained within the financial resources available at any given time.

---

a/ IPF of US$7,500,000 less approximately US$1,500,000, which may be spent in the period 1972-1976.